

COUNCIL OF THE

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“Assessing the Americas: The View from Washington”

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***** As Delivered *****

Good afternoon everyone. It is a true honor and a privilege to have the opportunity to be with you today to discuss the Americas as viewed from Washington, DC, with a focus on US policy and where we go from here. Of course it is quite humbling to be introduced by one of the “wise men” of US foreign policy and diplomacy, Ambassador Djerejian, who has played a leadership role for many years in formulating and implementing US policy in the Middle East as well as the regional peace process there. Ambassador, thank you for your kind introduction, and for the invitation to you today.

It is good to be back at the Baker Institute with the Americas Project, a program that for 10 years now has educated and inspired emerging leaders from around the hemisphere and served as a beacon for sound and reasoned analysis on the Americas. In fact, I was last here in 1998, the second year of the Americas Project, when I worked at the White House, and I’m honored to come back this time as a speaker. And I appreciate very much the opportunity to be with OAS Assistant Secretary General Ramdin and Marta

Lagos, both of whom have literally helped to define the issues in the Americas for many years, and to add my voice to theirs.

Erika (de la Garza), it's good to be with you and your team as well. But I'm especially pleased to be here in Houston, out of the Washington free-fire zone. They say that Washington is a uniquely difficult environment, even more so as our nation begins the process to select our next President. It's the one place, though, where at least you know who your friends are—they're the ones who stab you in the chest!

I've been traveling elsewhere as well. One week ago I was in New York for the General Assembly of the United Nations. While there, I had the opportunity to meet with no less than seven regional leaders, from Uribe and Bachelet to Correa and Morales and several others. And what struck me more than anything was, first and foremost, the desire of each of them, within their own personal histories and national frameworks, to improve the lives of their people. To develop their economies. To reduce income inequalities. And to be given the respect as equals with their brethren to the north. Now, we may not agree with everything that the respective leaders are doing. But I believe we can all agree on at least one thing: that the instinct for national development is real, and it is a potent force, a true agent for change.

And many of the people of the region, rightly or wrongly, do not believe that open market democracy has delivered sufficient results or improved their lives in any material manner. They are looking for alternative models, and through the democratic process, electing leaders who will pursue a different

path. In fact, as shown by the 2005 Summit of the Americas in Mar del Plata, Argentina, Latin America is the only part of the world remaining where the very concept of open markets and linkages with the world's largest economy remains a fluid question. This is despite the irony that in some ways, Latin America has never had it better.

As a sophisticated audience, you are already familiar with the statistics. Economic growth across the region is at historic highs, particularly in nations that export natural resources and primary products in agriculture, energy, and mining. Even the so-called populists speak in the language of fiscal restraint, low inflation, and attracting foreign investment. As little as one generation ago most countries in the region believed that the rules of international economics did not apply to them. Today, most of the region accepts that the rules of economics apply worldwide. That's progress, which many in the United States don't appreciate. What is happening, and will continue happening, is that each country will arrive at its own policy cocktail to achieve growth. One size need not, and does not, fit all, either in Latin America or the Caribbean. In addition, democracy across the region requires nurturing but it is largely secure, and human rights have never been more respected. And new political and economic voices—long suppressed—have begun to emerge, particularly from within the indigenous communities. That's healthy, long overdue, and it reinforces an appropriate sense of optimism for the future.

But scratch below the surface just a little and a different, more worrisome picture emerges. A picture of a region where income inequality remains the world's worst...where the quality of education remains uneven and rates of

education continue to lag far behind other emerging markets, particularly Asia, even as the global economy requires a knowledgeable, trained workforce for national competitiveness...a region which continues to rely on the export of primary products, and which therefore faces the inevitable cyclical nature of commodities markets, rather than creating a business environment that encourages innovation, research and development, risk-taking, and adding value...a region where the rule of law is not always transparent, effective, or secure, and where daunting questions regarding personal security, infrastructure development including energy, and tax policy continue to exist.

In short, with only a few exceptions, a region that has yet to take the necessary steps to secure its long-term competitiveness and success in the global economy. And this, I would submit, is the primary challenge facing the Americas today. It is also the primary point of divergence, opening a deep divide across the region, a divide which shows little sign of closing.

We hear a lot about a leftward lurch in the region, a lot about populists, and a lot about the death of the Washington Consensus. But Brazil's Lula, Chile's Bachelet and Uruguay's Vasquez have proven to be among the most economically orthodox leaders across the region, and among the most open to the possibilities—and meeting the challenges—of the global economy. In fact, the left vs. right axis is no longer relevant since the end of the Cold War. It's no coincidence that those countries making the most impressive strides—Chile, Brazil, Colombia, Mexico, and Peru—are exactly the nations of the Americas which are hewing most closely to an open economic model. They are pursuing open trade and investment with the United States, Asia,

and elsewhere, concentrating on economic stability, reducing debt, and improving the micro-economy through targeted means.

There are no secrets, and no surprises. Those countries which have continued to pursue an orthodox economic approach have positioned themselves for sustainable economic growth over the longer term. That's not to say that more can't be done. Even in these nations education quality and levels must be improved significantly. Massive infrastructure investment and development is required. Economies must be diversified. In Mexico, President Calderon's efforts to reform the tax code are welcome and should put Mexico on a more stable economic footing over the medium term. Others, including Brazil, should follow suit. And the rule of law is always an opportunity for improvement across the region. But on balance, the basis for sustained partnership by these nations with the United States currently exists, and should actively be pursued.

Now the United States must choose, whether or not to prioritize the Americas, helping the people of the region attain their highest aspirations, supporting reformers who are politically exposed and taking a chance by working closely with the United States, while pursuing shared values and common interests with regional allies and friends. Otherwise, if we delay or choose not to decide, the choice will be made for us.

Unfortunately, even in the best of times official Washington is generally unfocussed on Latin America. In the post-9/11 environment and given ongoing conflicts in Iraq and Afghanistan, and the potential for confrontation with Iran, that will not likely change any time soon. But open

market democracies across the region face significant challenges. And it would therefore behoove us in Washington to sit up, take notice, and re-establish a coherent, bipartisan program for the Americas even as we turn full tilt toward a divisive Presidential election in 2008.

What would such an agenda for progress look like from Washington? In the first instance, we need to complete the tasks currently before us. We have to pass trade agreements with Colombia, Panama, and Peru, the last of which may be on to a final Congressional vote as early as the coming week. For the past 15 years, since the first Bush Administration, the United States on a bipartisan basis has supported economic growth in the Andean region in opposition to drug traffickers and guerrilla movements. In the hemispheric fight against illegal narcotics, trade agreements with Colombia and Peru would lock in trade relations for the long-term, drawing the kind of direct foreign investment that all nations need to develop, while also opening new markets. In Panama, we would lock in a strategic relationship even as Manuel Noriega is soon to be released from his Florida jail cell.

These agreements are controversial, but, with clear-eyed leadership like that shown by Congressman Kevin Brady for the Central America agreement, they can—and must—pass. Under all of these agreements, once implemented, US exports would increase, economic opportunities among all the parties would be created, and cooperation against illegal narcotics would be maintained, ultimately supporting democratic governance in a troubled region. On the flip side, walking away from these agreements would undercut some of our best friends at exactly the time when the opponents of the United States are claiming that we are an unreliable partner.

Passage of pending trade agreements is just the first step. But we also need to take a step back. Now that the United States is headed into a primary election season, when there is little likelihood that major new initiatives for the Americas can be launched or achieved, we need to take the opportunity to determine what kind of face we as a nation are currently presenting to the Americas, and what kind of face we *want* to present.

From the failure of comprehensive immigration reform this past summer, to difficulties in getting visas to visit the United States, to a thickening of the US-Mexico border and new, heretofore nonexistent requirements to crossing the border with Canada and also the Caribbean, to a reduction in foreign assistance even as the farm bill with its massive subsidies and agriculture protections is reauthorized, the traditional spirit of generosity that the United States has shown to the Americas has withered away. Now, we are increasingly seen in the region as a nation that is paranoid of the intentions of the wider world, and, in some cases, actively hostile to the interests of Latin America and the Caribbean. All you have to do is flip on talk radio, brave the blogosphere, or watch CNN around 6 pm Eastern time...5 pm Central...and you quickly get the impression that the United States is being overrun by illegal Latin Americans streaming across the borders, stealing our jobs, living on welfare, and undermining our principles.

This is not the generous, welcoming United States that most of us would recognize. And it's not the United States that we should be comfortable presenting to the world. Yes, circumstances have changed given the tragic events of September 11. Yes, we need to get illegal immigration under

control, managing a terribly vexing issue while doing a much better job of enforcing the borders. Absolutely. But we need to do so in a manner that works with our partners in Latin America, not against them, and in the meantime, we need to find ways to reach out to the hemisphere so that we don't lose a generation of hemispheric leaders who would otherwise argue and work for closer relations with the United States.

One way to do so, in addition to programs such as the one here this week, would be to increase dramatically the number of scholarships granted for study in the United States, and not just at the university or post-graduate level. Since the 2000-2001 academic year, the number of Fulbrights from Latin America has decreased from 980 students to, last year, 796; a decrease of almost 20 percent, even though the number of Fulbrights *overall* has *increased* more than 10 percent from 2,911 to 3,255. Recently, the US Secretary of Education traveled to Brazil and Chile, where she announced 80 new scholarships. 80? Why not 800? More broadly, Senators Menendez and Martinez have just introduced bipartisan legislation designed to provide a multi-year \$2.5 billion program for education and social development across the Americas. This draft legislation is a creative measure which, along with trade and investment expansion and comprehensive immigration reform, should be actively considered by Congress.

And more, much more, can be done. For example, we must do what we can to nurture the critically-important relationship with Mexico, which is the prism through which most US citizens view the Americas. In fact, viewing the Americas through the prism of Mexico was the title of the 1998 Baker

Institute Program I was at, and if anything, circumstances have made these issues even more acute.

Now that President Calderon has made clear his government's commitment to taking down the drug cartels that have overrun parts of Mexico, it is appropriate that the United States do what we can to support these efforts. In Washington, the Administration has just announced its intent to provide up to \$1 billion initially to Mexico for training, equipment, and command, control, and intelligence. Assuming that Congress approves, these are real resources, helping a friend who needs our help, so that we can address a problem that impacts us domestically and is therefore in our direct interests. Another way to get targeted resources to Mexico would be by making that nation eligible for Millennium Challenge assistance. To date, Mexico has been excluded because its income exceeds the arbitrary caps put on the program by the Africa lobby primarily to ensure that most MCC assistance flows to Africa. This should be changed.

As well, attention must continue to be paid to developing a multi-faceted partnership with Brazil, Latin America's largest economy by far. For example, as the United States seeks to cure its "addiction to oil," Brazil is the world's most efficient producer of ethanol, and must be part of an overall energy dialogue, as should other nations in the Caribbean Basin and South America. Though not a panacea, alternative fuels can contribute to an overall energy solution, which must also include conservation. On trade, recent discussions between Presidents Bush and Lula designed to kick-start the Doha discussions have been promising, and should continue to be pursued with vigor. And on the security front, Brazil offers a rare example of a nation that, by voluntarily giving up its nuclear program, literally turned

swords into plowshares, while also re-making its space-launch program for commercial purposes. As Iran's nuclear ambitions continue unabated, active partnership with Brazil within the International Atomic Energy Agency could directly assist the effort to deny nuclear weapons to Iran.

Which brings me to my final, and perhaps most important point. Latin America is a far different place today than it was when I first began my career at the State Department in 1990, when Jim Baker was Secretary of State. Then, democracy was a fresh and exciting new reality for much of the Americas. In the words of Ronald Reagan, democracy was not a "fragile flower," but it nonetheless required cultivating. By the Miami Summit of the Americas in 1994, called by President Clinton and which I attended, all nations of the Americas except Cuba were able to come together to agree on a common agenda for the Americas. That agenda has now broken down, but the need to support and indeed nurture democracy in the Americas remains.

Whether it is re-writing national constitutions to satisfy the political ends of leaders, targeting organs of the press which may not toe the party line, intimidating opposition leaders, or using economic levers to pressure private interests, anti-democratic actions have not yet been made extinct. Despite the adoption of the Democracy Clause by hemispheric acclamation during a meeting of the OAS in Lima on September 11, 2001, the very institutions of democracy can be and in some cases have been marshalled to support authoritarian tendencies. Which would be bad enough if it stopped there, but nations that disrespect democratic principles in the Americas tend also to be nations that offer aid and comfort to global actors who reject the norms of the international system. The most recent example: leaders of various

nations in the Americas seeking closer ties with Iran. In fact, Iran's President Ahmadinejad has recently been welcomed in Caracas, Quito, and Managua, and just days ago, he received a "hero's welcome," in La Paz, according to the Miami Herald's Andres Oppenheimer. These visits have led to commercial and nuclear cooperation agreements—Iran is now reported to be the top investor in Venezuela following only the United States—and such contacts have translated to support by some in Latin America for Iran's nuclear ambitions in the United Nations. Lest we forget, Iran is a nation led by a president who just last week in New York suggested that the existence of the Holocaust should be "researched" more and who has previously spoken against the right of Israel to exist. It is also a nation whose agents have been implicated in the bombings in Argentina of the Israeli Embassy and the AMIA Jewish cultural center in the early 1990's, the only act of global terrorism in the Western Hemisphere prior to 9/11.

These are not Latin America issues, they are global security issues, worrisome trends which point to an emerging dilemma for the healthy democracies in the hemisphere. But it's also an opportunity; an opportunity for the nations of the Americas to stand together, perhaps through the OAS, to stand for democratic principles, and to reject behavior by those either within the region or without that is outside responsible hemispheric norms. It's a looming test of the inter-American system, to be honest, and one which cannot be easily ignored.

Despite these obvious challenges, the Americas today offer hope—hope for the future for the people of the region as they strive to improve their daily

lives. But the success of the region is not guaranteed unless we work with purpose and resolve, in partnership, to achieve it.

Graham Greene once wrote that there are unique moments in time when the door opens and lets the future in. Ladies and gentlemen, I believe we have reached one of those times. The future is upon us, and together, the choice is all of ours to make.

Thank you again for letting me join you here today.